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Building *Nunavut* Together
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Nunavut

Budget 2013-2014

Budget Address

Delivered in the Legislative Assembly
By the Honourable Keith Peterson, MLA
Minister of Finance

February 2013

Budget Address

Mr. Speaker, I rise today to present the government's budget for fiscal year 2013-14. In doing so, I want to make three key points.

First, we made a commitment in the *Tamapta* Action Plan to improve the lives of Nunavummiut, and this budget furthers that commitment in delivering greater funding for improved programs and services.

Second, we made a commitment to improve how the government delivers those programs and services, and this budget will show how we are doing just that.

Third, our financial situation is reassuringly stable, and I can report that the government projects a modest surplus for another fiscal year.

The bottom line, Mr. Speaker, is that we are managing our resources prudently so that we can achieve the future we all desire.

Before we get down into the details of my budget, let us take a moment to consider where we are, and how far we have progressed.

As this territory approaches its 14th anniversary, this government believes that we are making good progress toward the vision on which this territory was created. In that vision, Nunavummiut control our destiny and, through our government, shape a better Nunavut.

In *Tamapta*, our government said the future would bring Nunavummiut a better standard of living. Families would be active, healthy and happy. Communities would become more self-reliant. And we would be recognized for our unique culture, and our contributions to Canada and the world.

I believe that we are on course.

The first and second legislative assemblies provided the base on which we could proceed. Those bodies improved our governance, our infrastructure, and the programs and services that we provide to the public. This third assembly has built on their work and soon the fourth assembly will continue our forward movement.

My role has been to ensure that our financial resources would enable our progress. You may recall my 2010-11 budget address. My key word in that speech was "prudence." I felt the need for a cautious approach. Today as I present my fifth budget I will say that I consider prudence the best guide we

could have had. Our finances are sound, our programs and services are improving, and our future remains within our grasp.

Let me turn now to a summary of our financial situation.

I am forecasting today that the government's expenditures next year will reach $1.48 billion. Most of this will be spent on operations and maintenance, while $153 million of this amount will fund investments in capital infrastructure — the schools, hospitals and other public works that keep Nunavut moving.

The operations and maintenance forecast is $1.33 billion for next year, a rise of less than five percent from this year's revised estimates.

On the revenue side, I project we will receive $1.56 billion next year, excluding third-party revenues. This number is also up nearly five percent from the current year. Most of the increase comes from a rise in the Territorial Formula Financing arrangement. Our own-source revenue will also rise modestly, thanks to increased receipts for personal income and payroll taxes, and tobacco taxes.

I'll note for the record that the higher tax rate on tobacco products imposed at this time last year has raised our tobacco tax revenues by $2.3 million. I'll also note that overall reported tobacco use has gone down about three percent since we raised the tax rate.

Taking all of that into account, Mr. Speaker, my budget calls for a surplus next year of $21.9 million. This amount represents just over one percent of our expected revenue. And we have put aside $45.6 million for contingencies.

So here we see the big picture, Mr. Speaker. We are managing to improve programs and services to Nunavummiut currently. At the same time, it is crucial that we rebuild our cash reserves that had been depleted through previous deficits. By restoring these reserves, we will be better able to make prudent investments that will enable more programs and services in the future.

This is especially important as we take on larger capital projects, such as the new Iqaluit airport. We can attract partners and financing only if we demonstrate that we can manage our own resources properly.

On that point, I'm pleased to note that the Government of Nunavut earned an Aa1 rating this year from Moody's Investors Services. Moody's rates us higher than six provinces, which is excellent news. And our stable outlook suggests we can keep this rating if we maintain our fiscal discipline.

I began my remarks today by saying that we would further improve programs and services next year. Our commitment to do just that stands out clearly in the creation of the Department of Family Services. The government looks forward to the department's official launch on April 1st. On that

day, services that had been spread across the government will come together in one place. Nunavummiut will gain single-window access to the social safety net.

The establishment of this department is a significant accomplishment. Many of its services have been transferred from my own department of Health and Social Services. It is also taking over services that had been provided through five other departments.

Pulling this together as quickly as we have was a great deal of work, Mr. Speaker, and I congratulate all of our people who helped make this happen.

On April first, the Family Services department begins work with a budget approaching $113 million. That is a rise of seven percent from the funds allocated for its responsibilities this fiscal year.

Among its first-year priorities, the Family Services department will work with its partners to complete the Nunavut Food Security Strategy. It will complete and implement the Homelessness Strategy. And it will prepare to implement the Collaboration for Poverty Reduction Act that the government plans to introduce in this house in the coming days.

Mr. Speaker, these issues of poverty, hunger and homelessness are serious. They are exactly the issues that we need to resolve if we are to fulfill our vision of Nunavut. Establishing this new department is only the first step. We need to continue our discussions with the public and with our partners to develop our social safety net.

As those talks move forward, we can also take steps to improve the situation today by equipping the Country Food Distribution Program to improve food security and reduce poverty. Over the current fiscal year, the Department of Economic Development and Transportation has built and broadened partnerships with hunters and trappers. Our goal is to help Nunavummiut improve their ability to obtain affordable and healthy country food. In this budget we are allocating nearly $900,000 of additional support for the Country Food Distribution Program.

Housing our growing population remains an important priority. In this budget the government has allocated nearly $29 million to the Nunavut Housing Corporation's capital budget. This includes $8 million to build 20 public housing units in Arviat and five units in Clyde River, and $5 million for 10 new staff housing units in Cambridge Bay.

As well, NHC's Public Housing Program will receive an additional $6.4 million next year, mostly to offset rising operations and utilities costs.

Housing remains a serious challenge for this government, which we are addressing through the development of a long-term housing strategy.

At the Health Department, we will continue to strengthen and expand mental health services to Nunavummiut. The relocated *Akausisarvik* facility in Iqaluit will open in April. As well, the department will strengthen health care in the Qikiqtani Region through greater use of Community Therapy Assistants and Community Health Centre Administrative Assistants. And in the Kivalliq Region, we will add a nurse to each of the three-nurse stations.

Mr. Speaker, improving all of these services—family services, health care, and housing—will mean a lot more if we can deliver these services in communities that are safe and stable. We are taking needed steps to improve law enforcement, and providing the Department of Justice with an additional $8 million next year.

Effective police work depends on many things, including an effective dialogue between the RCMP and the public. The RCMP are working to improve their Inuit language skills. At last count, our police force employed 19 Inuit in the territory, and the force is finding ways to hire more.

As we improve the quality of life in all of our communities, we must also see that we are creating opportunities for growth.

We know that our territory has great resource wealth, and we have been seeing good, solid increases in business investment and employment. We expect our steady economic growth will continue, with my department projecting an inflation-adjusted rise in gross domestic product next year of 3.5 percent. The rate should rise in the following year to 3.9 percent.

What do these numbers mean, Mr. Speaker? More jobs, and better wages. The wage economy now employs about 55 percent of working-age Nunavummiut. Our services sector is growing, and as it does, there will be real opportunities.

But there are also challenges, Mr. Speaker. To get these jobs, Nunavummiut need skills, and access to places where they can use them. We can help Nunavummiut to get these skills. We want to make sure that a good education is available to everyone in our territory.

That's why the government will invest in a program to help adults get their high school diplomas. We call it PASS, the Pathway for Adult Secondary School graduation. And we're investing nearly $1.9 million next year to get it started.

The Department of Education and Nunavut Arctic College are joining forces for this important program. They are developing a program specifically for adult learners. Very soon, Inuit adults can return to the classroom to earn their high school diplomas. We look forward to welcoming these adult learners in the coming year and helping them open the doors to a better future.

The government will also help to open further opportunities by improving how we buy goods and services. In the coming year, this government will take further steps to ensure that Inuit firms

continue to be treated fairly in competing for government business. The Department of Economic Development and Transportation will soon complete its review of the NNI procurement policy. After that EDT will revise the policy in consultation with Nunavut Tunngavik Incorporated. We look forward to completing that work during the coming fiscal year.

Mr. Speaker, as much as we are interested in developing Nunavut's resources, we are also interested in preserving our environmental heritage for future generations. Our responsibility is to ensure a high standard of environmental stewardship in sustainable development.

Through our internal Sustainable Development Committee, nine departments and agencies take part in environmental assessments for major mining projects. Today we are announcing additional funding of $1.4 million to the committee. This will enable the government to participate continuously in assessments for major mining projects conducted by the Nunavut Impact Review Board.

Mr. Speaker, I said at the beginning of this address that the government would not only improve programs and services to the public, but that we would also manage our own work better. In fact, the more we can make the government efficient and effective, the more we will be able to meet the needs of Nunavummiut and help build our territory for tomorrow.

Behind the scenes, we are making good progress, especially in the areas of managing our people and our finances.

As you know, the government has placed a significant emphasis on improving our human resource management. The Auditor General's report in 2010 brought clarity to our issues, and we took significant steps this year to resolve them.

As we start a new fiscal year, the work that had been performed by the Department of Human Resources will now be carried out by two other departments.

The Department of Executive and Intergovernmental Affairs takes up responsibility for the training and development of the government's workforce. It will also manage Inuit employment planning.

Meanwhile, my Department of Finance takes on all other responsibilities of the Human Resources department. That includes recruiting and staffing, employee relations and job evaluation, organizational design, as well as human resources policy and systems.

The government made these changes to ensure that we can recruit and retain the workforce we need. Already we see progress. The government has completed the Human Resources Strategic Framework. It includes revised staffing practices, and we are working now to automate our processes and offer more training initiatives.

The Department of Finance will work closely with Executive and Intergovernmental Affairs to develop a government-wide Human Resources Strategy. The purpose of this strategy is to ensure that we have the right people in the right place at the right time. This will allow us to meet the government's strategic goals and carry out our operational plans.

When the Auditor General looked at this in 2010, it was clear that we had a long way to go. Today we can see that we are on the right track to a better future.

We can also see that Inuit are increasingly taking up opportunities in the public service. At last count, in June of last year, beneficiaries held 49 percent of all filled positions in the ten government departments. By the latest projection, beneficiaries will hold 52 percent of all filled positions by the end of the coming fiscal year. There are plenty of opportunities, Mr. Speaker. We still need skilled applicants.

In addition to these measures to improve our human resources, we are also taking steps to restore and maintain the government's fiscal resources. Shortly, the government will adopt a fiscal management strategy that will help all government organizations to improve their long-term planning and budgeting.

The strategy builds on five core principles, Mr. Speaker. They are as follows.

First, all our planning needs to look forward, to anticipate how events could help or hurt our fiscal situation.

Second, we will remain prudent in how we budget, so that we remain in good fiscal shape over time.

Third, we will make choices that are responsible. That means each decision will be considered for how it fits into the big picture, and how it affects our long-term fiscal goals.

Fourth, we will provide reporting that is transparent. We will provide Nunavummiut with information that helps the public to understand our fiscal decisions.

Fifth, we will be accountable for our decisions. We will explain our choices, report our results, and face the consequences, both for success and for failure.

Mr. Speaker, we have been doing all of these things until now. By making these principles formal, the government expects that our fiscal management will improve further.

After all, strong fiscal management is at the heart of good governance.

Mr. Speaker, I have talked about how the government is improving its internal management and operations, and I have described some of the improved programs and services that we provide.

There is another area for improvement, and that is in how we communicate with the people whom we serve.

We have already taken several steps forward by engaging Government Liaison Officers in the communities. So far sixteen hamlets have these officers in place, where they provide a single point of contact for government information.

Now it's time to enable Nunavummiut to find more information online. In the coming weeks, we will bring a stronger client focus to the government's website. The changes should make it easier for people to learn more about what the government can do on their behalf.

Our ability to handle questions by phone will also improve, now that the government has completed the first step of a telecommunications upgrade. The department will continue the upgrade in the coming year to improve telecommunications services and bring us all a little closer together. The government has invested an additional $7 million for this work next year.

In this budget, we are making two other key investments in CGS. The first is an allocation of $1.3 million to establish a project management office. We need this centre of technical expertise as we prepare to take on large infrastructure projects, starting with the new Iqaluit International Airport. CGS is evaluating other projects as well, including solid waste infrastructure for all communities.

Our other CGS investment benefits all communities directly and immediately. In this budget the government is announcing a new Municipal Funding Formula. Collectively, the hamlets will receive an additional $4.2 million next year to improve their services to Nunavummiut.

Part of our overall approach to improving the government's approach to business is to see that we serve Nunavummiut in the Inuit language. The Department of Culture and Heritage will take several steps forward with this in the coming year.

The government has allocated an additional $7 million to the department for next year. We will invest most of this money into the Official Languages program, which promotes the equal status of Inuktitut, English and French.

Through the new $5 million Language Implementation Fund, the department will help all government departments and agencies to meet their language obligations. The fund will advance key programs to promote the Inuit language within government. It will also support programs in the communities to help the hamlets and private-sector organizations to meet their legal obligations.

Mr. Speaker, improving our communications with the public, our ability to manage people, to provide rewarding opportunities, and to manage our finances prudently — these are all examples of what I meant when I said that we are improving how the government performs its role.

As we improve that capability, we also improve the scope and quality of the programs and services that we provide to the public. And our ability to accomplish this within the fiscal framework, and to produce another surplus, to me stands as proof that we are managing our resources prudently. We are well on the way to achieving the future we all desire.

Mr. Speaker, this is the last Budget Address that I will deliver in this Third Assembly. I'd like to make a final point.

I think it's important that we work together to improve how we live together. When I look back over the work we have done to prepare five budgets, it is clear to me that our finances are better managed today than they were five years ago.

The credit for that belongs in part with the Department of Finance, and the other departments and agencies. And I want to express my appreciation to them. But the credit also belongs with the members of this Assembly. Your continuing encouragement has helped my officials and me a great deal, and I thank you all for your support.